

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

ROBERT BURNS, CHAIRMAN

BOYD DUNN

SANDRA D. KENNEDY

JUSTIN OLSON

LEA MARQUEZ PETERSON

IN THE MATTER OF THE APPLICATION
OF ARIZONA PUBLIC SERVICE
COMPANY FOR A HEARING TO
DETERMINE THE FAIR VALUE OF THE
UTILITY PROPERTY OF THE COMPANY
FOR RATEMAKING PURPOSES, TO FIX
A JUST AND REASONABLE RATE OF
RETURN THEREON, TO APPROVE
RATE SCHEDULES DESIGNED TO
DEVELOP SUCH RETURN.

DOCKET NO. E-01345A-19-0236

NOTICE OF FILING SURREBUTTAL
TESTIMONY OF WILLIAM B.
GODDARD ON BEHALF OF CALPINE
ENERGY SOLUTIONS, LLC

Calpine Energy Solutions, LLC hereby submits the Surrebuttal Testimony of William B.
Goddard on behalf of Calpine Energy Solutions, LLC in the above-captioned docket.

RESPECTFULLY SUBMITTED this 4th day of December, 2020.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on December 4, 2020, I electronically filed and caused to be hand delivered eight copies of the Surrebuttal Testimony of William B. Goddard on behalf of Calpine Energy Solutions, LLC with the Arizona Corporation Commission in Docket No. E-01345A-19-0236 and served copies to the following parties via electronic mail:

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18 **SURREBUTTAL TESTIMONY**

19 **WILLIAM B. GODDARD**

20 **ON BEHALF OF**

21 **CALPINE ENERGY SOLUTIONS, LLC**

22 **December 4, 2020**

Surrebuttal Testimony of William B. Goddard

Docket No. E-01345A-19-0236

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Surrebuttal Testimony of William B. Goddard
Docket No. E-01345A-19-0236

I. INTRODUCTION AND SUMMARY

Q. Please state your name and business address.

A. My name is William B. Goddard. My business address is 5403 Burford Street, San Diego, California 92111.

Q. Are you the same William B. Goddard who submitted direct testimony on behalf of Calpine Energy Solutions, LLC (“Calpine Solutions”) in this proceeding?

A. Yes.

Q. Please summarize your testimony.

A. My direct testimony addressed two discrete aspects of Arizona Public Service Company’s (“APS”) response to the Arizona Corporation Commission’s (“ACC” or “Commission”) directive in its Policy Statement Regarding AG-Y Alternative Generation Buy-Through Program, Decision No. 77043 (hereafter the “Wholesale Buy-Through Policy Statement”).

First, I addressed APS’s assertion that transmission constraints stand as an obstacle to expanding wholesale buy-through options for APS customers. I concluded that APS has failed to document and demonstrate that transmission limitations prevent expanding the wholesale buy-through program beyond 200 MW currently enrolled in its AG-X program. Although APS argues transmission constraints limit its ability to accept more deliveries for wholesale buy-through customers at the Palo Verde delivery point, APS relies on an alleged transmission study from 20 years ago, which APS no longer possesses and which no current APS employees have even reviewed. I testified that APS

1 has not demonstrated the existence of a transmission limitation or, to the extent such a
2 problem might exist, explained the nature of the problem in enough detail for other
3 stakeholders to propose a reasonable solution to enable expansion of wholesale buy-
4 through programs. I therefore recommended the Commission reject APS's position.

5 Second, I addressed APS's assertion that expanding the wholesale buy-through
6 programs would impose certain ramping and load following costs that are not accounted
7 for in the existing AG-X program. I concluded that APS has failed to demonstrate that
8 the charges assessed in the AG-X program are insufficient to recover the costs associated
9 with ramping and load following for an expansion of the existing wholesale buy-through
10 programs. However, I further explained that to the extent that APS can identify costs that
11 are not currently recovered, Calpine Solutions stands ready to discuss any additional
12 charges that might be warranted for additional load that enrolls in the AG-Y program it
13 proposes.

14 As I will explain further below, I conclude that APS, through its rebuttal
15 testimony, has not further supported either of these two arguments with any persuasive
16 evidence or demonstrated that such issues should preclude the expansion of wholesale
17 buy-through options for customers. In the case of the alleged transmission constraints,
18 additional evidence has come to light that confirms that APS could accept an additional
19 200 MW of deliveries at Palo Verde for wholesale buy-through programs, as is proposed
20 by Calpine Solutions and Direct Energy Business, LLC ("Direct Energy").
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22
23

**II. APS'S ASSERTIONS OF TRANSMISSION ISSUES RELATED TO EXPANSION
OF WHOLESALE BUY-THROUGH PROGRAMS**

Q. APS's witness, Leland Snook, suggested in his direct testimony that there could be "transmission delivery issues related to Palo Verde" with an expansion of wholesale buy-through options.¹ You testified in your direct testimony that Mr. Snook had not demonstrated that transmission issues would preclude expansion of the AG-X model for additional customers. Has Mr. Snook or any other APS witness provided any additional explanation or evidence in APS's rebuttal testimony?

A. No.

Q. Has APS provided any additional information related to this issue since your last round of testimony that causes you to change your position?

A. No. In discovery, Calpine Solutions requested additional information on the transmission concerns APS expressed in its direct testimony, including data regarding the amounts of transmission APS currently has reserved to serve APS load from the Palo Verde point of delivery. However, at this time, APS has not provided any information that demonstrates that there is any physical or contractual limitation on allocating an additional 200 MW of transmission capacity currently used to serve non-AG-X loads to the purpose of serving customers that would enroll in an expanded wholesale buy-through program with deliveries made at Palo Verde. As I noted in my direct testimony, when APS load switches from APS-supplied generation, including imports, to Generation Service Provider ("GSP")-supplied generation there should be no impact on transmission capacity

¹ Leland Snook Direct Test. at 25:1-2.

1 for additional load to switch its supplier. The same amount of load would exist, and the
2 only circumstance that is changing is the supplier of the generation.

3 **Q. Could you provide additional information regarding your conclusions on how much**
4 **transmission is available for APS to accept an additional 200 MW of deliveries at**
5 **Palo Verde by GSPs for a wholesale buy-through program?**

6 **A.** The proposed expansion of the wholesale buy-through programs made by Calpine
7 Solutions and Direct Energy is only an expansion of 200 MW with deliveries made to the
8 Palo Verde delivery point. Based on the discovery APS supplied, there is a at least 246
9 MW of incremental and available transmission capacity for future transmission
10 reservations through 2025 for receiving energy at Palo Verde and delivering it to
11 load. Additionally, based on Calpine Solutions' review of APS's Open Access Same
12 Time Information System website, that 246 MW of incremental transmission capacity
13 available is in addition to the existing transmission capacity APS already has reserved
14 from Palo Verde to load, which is between 3,200 MW to 4,000 MW for 2021 to 2025.
15 This 3,200 MW to 4,000 MW of transmission capacity already reserved by APS could be
16 used to accept additional deliveries from GSPs in the proposed 200-MW AG-Y program
17 without reserving any additional transmission as such transmission requirement for load
18 would merely shift from service by APS to service by a GSP.

19 **Q. Has your position changed on this subject?**

20 **A.** No. I continue to recommend that the Commission reject APS's position because it is
21 unsupported. Further, if the Commission accepts APS's assertion that there is any
22 transmission limit at Palo Verde that precludes expansion of wholesale buy-through
23

1 programs, then the Commission should open an investigation into this subject as this
2 transmission limit is a significant roadblock to additional customer choice.

3 **III. APS'S ASSERTIONS RELATED TO RAMPING AND LOAD FOLLOWING**

4 **COSTS**

5 **Q. APS's direct testimony of Leland Snook also alluded to "ramping" issues due to**
6 **block scheduling by GSPs as an additional concern with expanding the current**
7 **wholesale buy-through program.² In your direct testimony you testified that the**
8 **AG-X program participants already pay charges that are intended to address the**
9 **ramping issues to which APS refers, and that APS had not demonstrated that these**
10 **costs are currently unrecovered in the existing charges. Did Mr. Snook or any other**
11 **APS witness provide any further support for APS's position in APS's rebuttal**
12 **testimony?**

13 **A. No.**

14 **Q. Has your position changed on this subject?**

15 **A. No. As I explained in my direct testimony, the AG-X program design already requires**
16 **the customers and their GSPs to pay substantial charges, including charges that appear to**
17 **be intended to recover these types of ramping and load following costs. There is no basis**
18 **to conclude such costs are unrecovered in the current AG-X program or would be**
19 **unrecovered if the program were to be expanded. However, to the extent APS may be**
20 **able to make such a showing, Calpine Solutions would be willing to work through any**
21 **additional charge that may be necessary.**

22 _____
23 ² Leland Snook Direct Test. at 25:1-3.

1 **IV. CONCLUSION**

2 **Q. Does that conclude your direct testimony?**

3 **A. Yes.**